

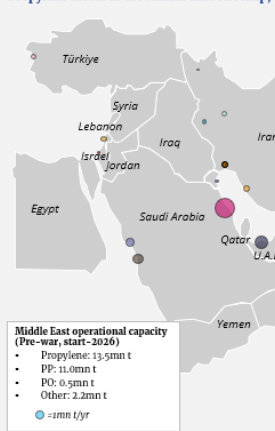
Argus report sample

Argus Propylene Analytics H1 2026

Middle East conflict

Conflict disrupts capacities and trade flows.

Propylene assets in the Middle East site map, 2026



Middle East operational capacity
(Pre-war, start-2026)

- Propylene: 13.5mn t
- PP: 11.0mn t
- PO: 0.5mn t
- Other: 2.2mn t

Impact on 2026 pre-war propylene capacity

The US-Iran war has disrupted

Executive Summary: Propylene analytics

Capacity additions have peaked, allowing operating rates to recover over the forecast period.

Key regions update

North America

Capacity and demand growth in the region will be limited, with operating rates to remain subdued over the forecast period. PDH run rates are expected to remain above 90pc.

Western Europe

Production and derivative consumption and make the region a. Any new capacity will be.

Middle East

Operating rates in the region are by global capacity additions and a outlook over the forecast period. global demand impacts this largely export focused region.

Northeast Asia

Capacity expansions, with operating rates set to over the forecast period. Demand is expected to, with other countries rationalising capacity. Although concerns remain that further capacity additions will be announced as operating rates rise.

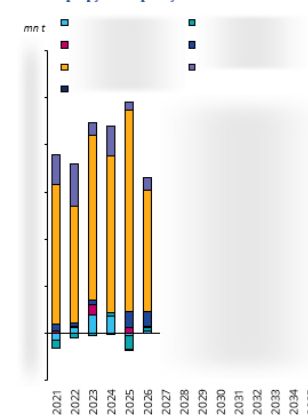
South Asia (India)

will persist, driven by, and a young population. Region will add new capacity in the forecast period.

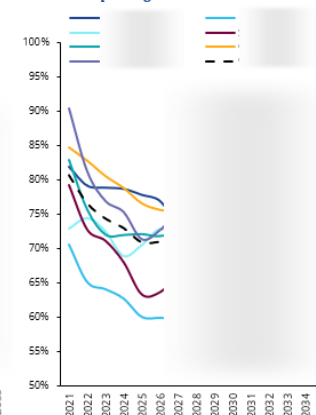
Southeast Asia

Capacity growth will be as and from other regions weigh on local producers.

Global propylene capacity addition



Global operating rates





About this report sample

Argus Propylene Analytics delivers a data-driven perspective on global supply and demand fundamentals, combining independent analysis with detailed forecasts of capacities, trade flows, operating rates and derivative demand across key producing and consuming regions.

Subscribers receive a 10-year forecast and five years of historical data, supported by regional and country-level analysis to track market developments, identify growth opportunities and understand shifting industry dynamics.

The service is published twice a year and delivered as a PDF report with accompanying Excel datasets.

This sample offers a preview of the depth and structure of the complete service.

To learn more about Argus Propylene Analytics, **[contact our team](#)**.

Executive Summary: Propylene analytics

Capacity additions have peaked, allowing operating rates to recover over the forecast period.

Key regions update

North America

Capacity and demand growth in the region will be limited, with operating rates to remain subdued over the forecast period. PDH run rates are expected to

Western Europe

Production and derivative consumption and make the region a . Any new capacity will be I.

Middle East

Operating rates in the region are by global capacity additions and a outlook over the forecast period. global demand impacts this largely export focused region.

Northeast Asia

Capacity expansions , with operating rates set to over the forecast period. Demand is expected to , with other countries rationalising capacity. Although concerns remain that further capacity additions will be announced as operating rates rise.

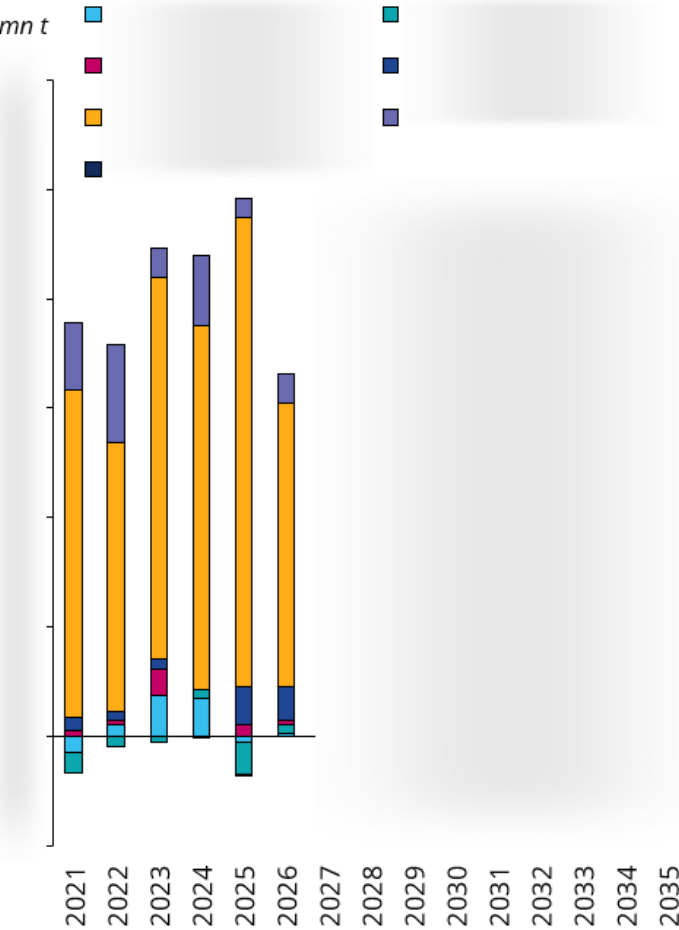
South Asia (India)

will persist, driven by , and a young population. Region will add new capacity in the forecast period.

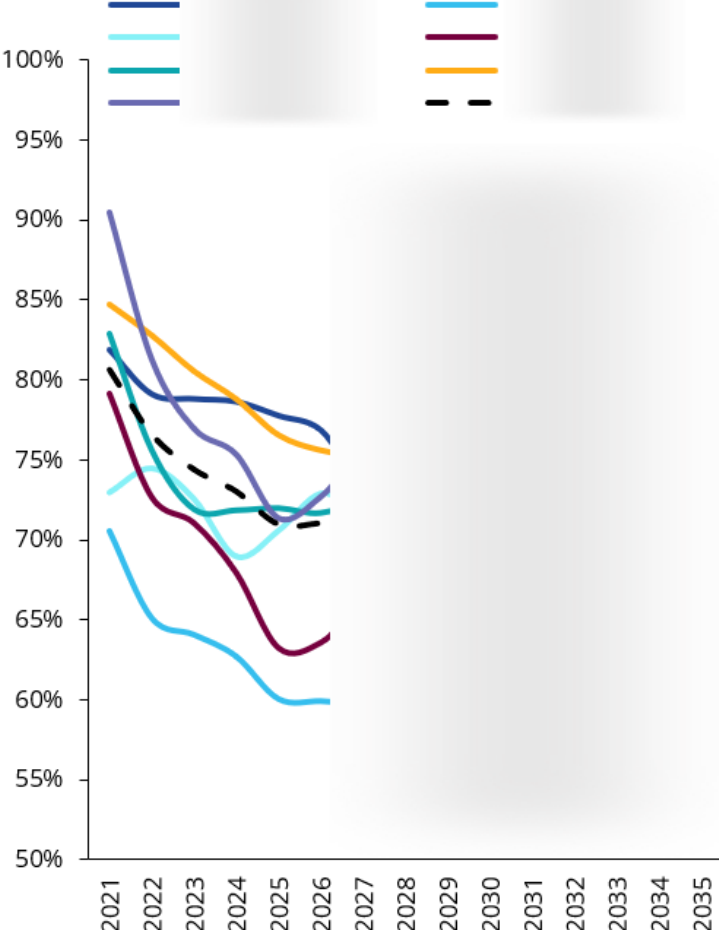
Southeast Asia

Capacity growth will be as and from other regions weigh on local producers.

Global propylene capacity addition



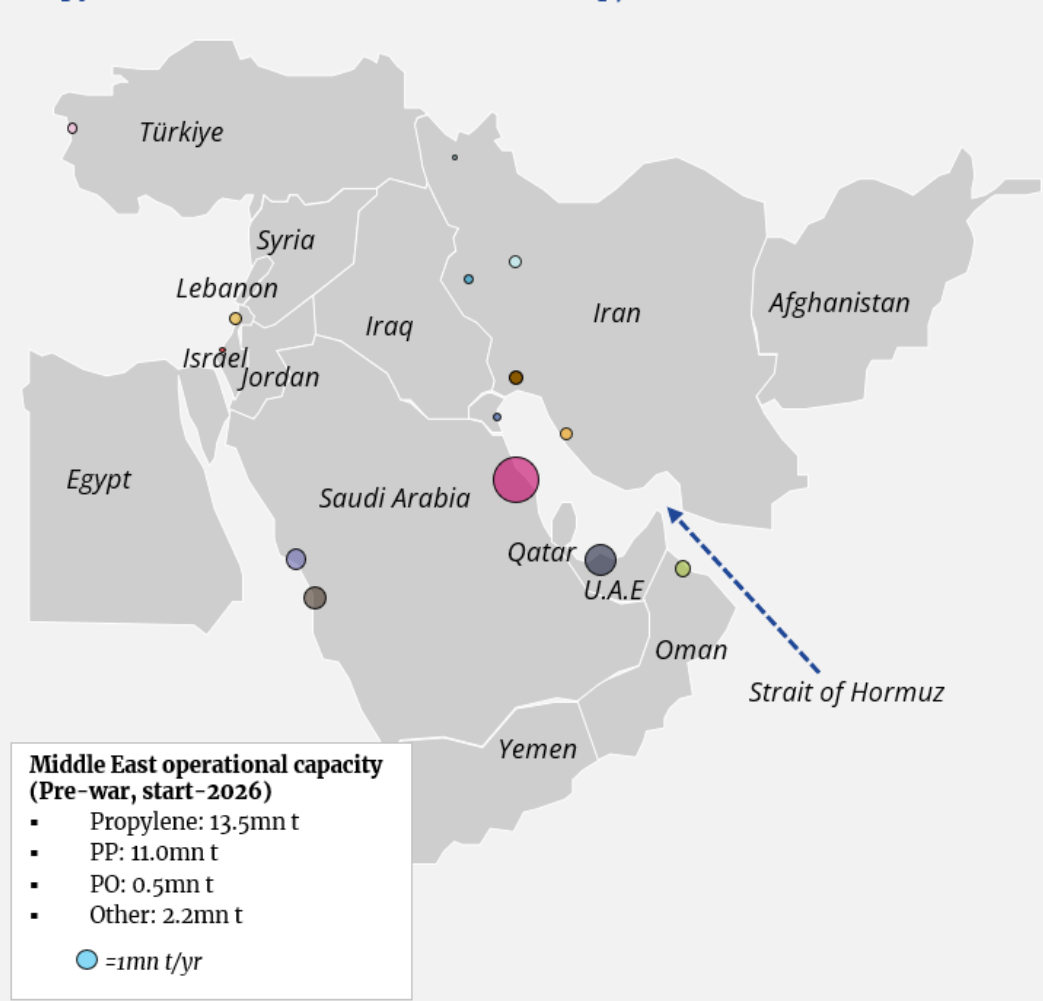
Global operating rates



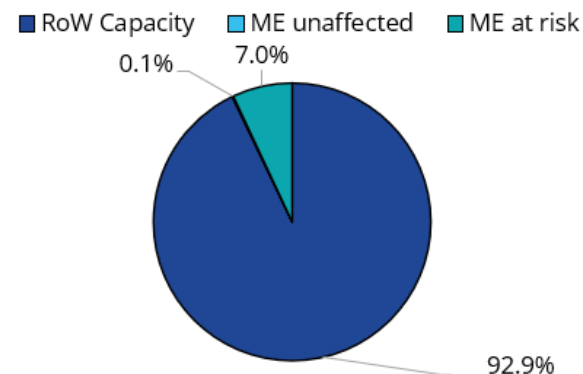
Middle East conflict

Conflict disrupts capacities and trade flows.

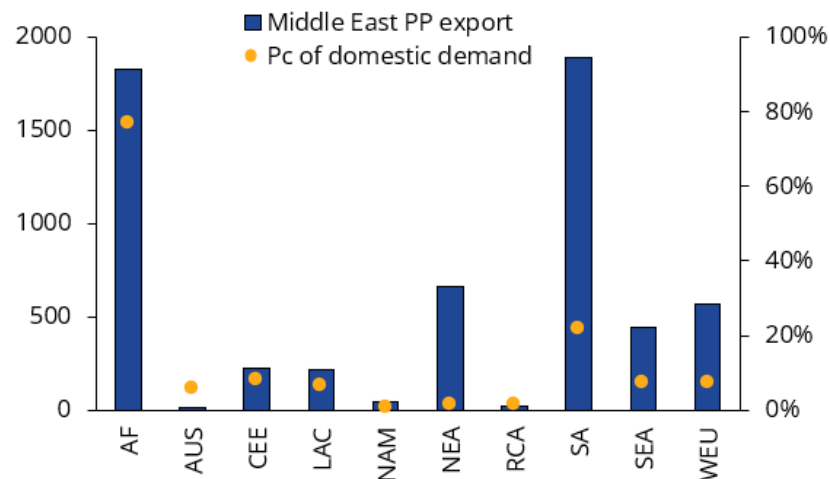
Propylene assets in the Middle East site map, 2026



Impact on 2026 pre-war propylene capacity



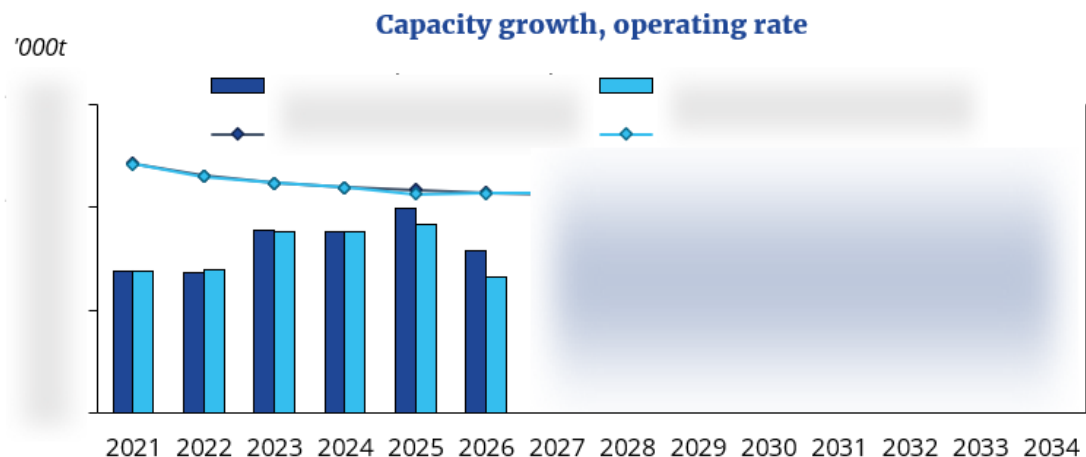
'000t Middle Eastern exports by region, 2025



- The US-Iran war has disrupted the majority of propylene capacity in the region (13.2mn t), with only Turkish capacity unaffected.
- Several producers have declared force majeure, reflecting broader operational and logistical constraints in the region, as well as safety concerns. This is expected to weigh on olefins and derivative operating rates globally.
- From a polymer perspective, over 80% of polypropylene is exported annually from the region. With most of this volume passing through the strait of Hormuz. Long-term disruption of the Strait will tighten global polymer availability.

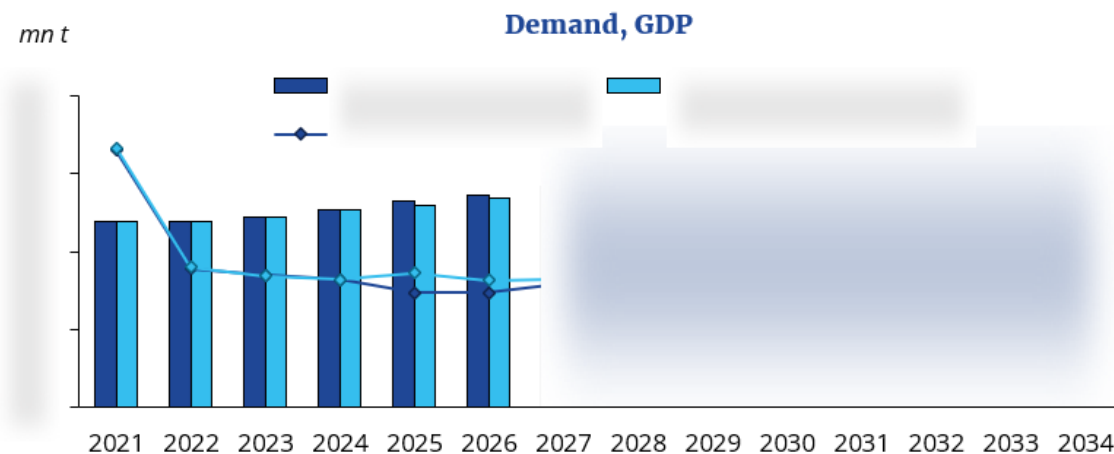
Global: What's changed

Supply:



- Capacity expansions have been scaled back substantially in the near-term. Total global capacity in 2025 has been 100,000,000 compared to the 2025 2H view.
- A lot of China's previously announced PDH/PP expansions have been abandoned. By the end of the forecast, total PDH capacity in China is now forecast to reach 100,000,000, a 10% increase from our previous forecast. Conversely, there has been a 10% increase in announced CTO capacity in China.
- Argus is now estimating propylene capacity reductions of 10% in both Japan and South Korea – and this could increase if the Iran war persists.
- A further 10% of capacity rationalisations are now also expected in Western Europe.
- These changes in capacity, coupled with demand changes have led to an increase of 10 percentage points in global operating rates by the end of the forecast.

Demand:



- Demand in 2025 is down 10% compared to our previous forecast. 10% of this drop is due to an update to our polypropylene analytics, where production is now split by grade from 2025 onwards. This has caused a recalculation in the amount of propylene consumed by PP production.
- GDP is on average 10% higher between 2025 and 2026 in our updated forecast. Demand growth between 2025 and 2026 is on average 10% higher than our previous view.
- Propylene oxide consumption is up 10% in our latest forecast and is the fastest growing propylene derivative.

Propylene 10-year price outlook

Olefin spreads forecast to widen through to 2026-27 when the next wave of capacity additions are planned to come on-stream

North America

- A forecast in 2027 as the market absorbs additional propylene capacity from cracker. In the latter half of the forecast period, as a result of higher feedstock costs and rising operating rates.
- LyondellBasell said on 3 March that it plans to build a new metathesis unit at its Channelview, Texas complex. Construction is expected to begin in the third quarter of 2025, with start-up in the latter half of 2028.
- The addition of of new capacity during the next 10 years will be offset by the strong probability that some refinery rationalisation will occur during the forecast period.
- The PGP-propane spread is expected to while the propylene price increases stabilise during the same time period.
- Refinery grade propylene prices will track PGP prices during the 10-year forecast horizon as feed will remain an attractive option for refineries.
- Although demand for higher octane gasoline will continue to increase, growth in will partially offset the potential gain in

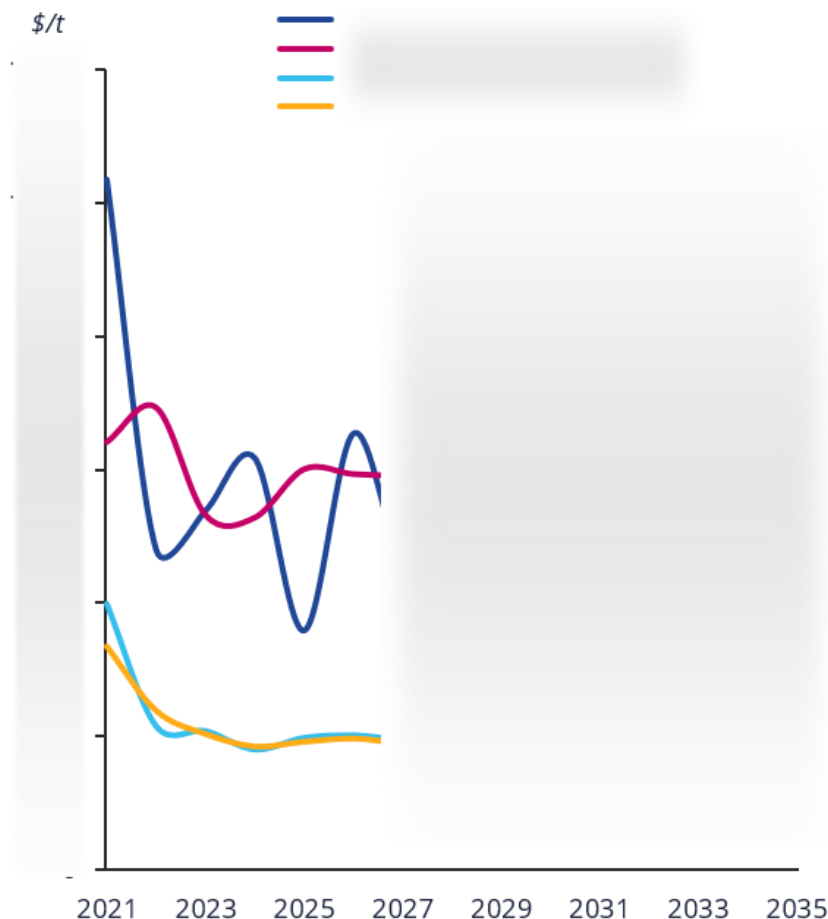
Western Europe

- Propylene price movements largely track energy costs through the first half of the forecast period in the face of significant global and regional capacity additions, before
- Supply will following recent and expected cracker closures, together with as refineries/FCCs are expected to owing to l. Europe will remain — assuming local prices are competitive — until a new PDH starts in after which operating rates should start to slowly
- The start-up of Europe's first world-scale PDH unit will start to change the supply dynamics for propylene away from the historical supply disruptions a for the producer and consumers alike.
- There are also signs that political support is growing to help the current European industry make the investments needed to meet the EU carbon reduction targets in 2030. European politicians wake up to the increasing of Europe based on and in the face of increased global competition and geopolitical risks. But the window for this support is quite short if the industry is to make the required investments needed for 2030, where they have not already done so.

Northeast Asia

- In the short term, volatile crude prices driven by geopolitical conflicts are heightening uncertainty in feedstock availability and logistics for propylene, increasing propylene price volatility, particularly as PDH units adjust operating rates more frequently.
- New capacity additions peaked in 2025, but several plants are still scheduled to start up between . Operating rates are expected to bottom out around : before gradually recovering, although margin recovery will depend on downstream demand strength.
- Rationalisation in Japan and South Korea will in the region, providing to propylene prices. China's domestic supply will be largely tight as most new Chinese crackers do not create much of a surplus as they will balance with their downstream derivatives.
- Over the long term, propylene's wider range of production routes and feedstock options will result in and l comparing with ethylene in the Northeast Asia.

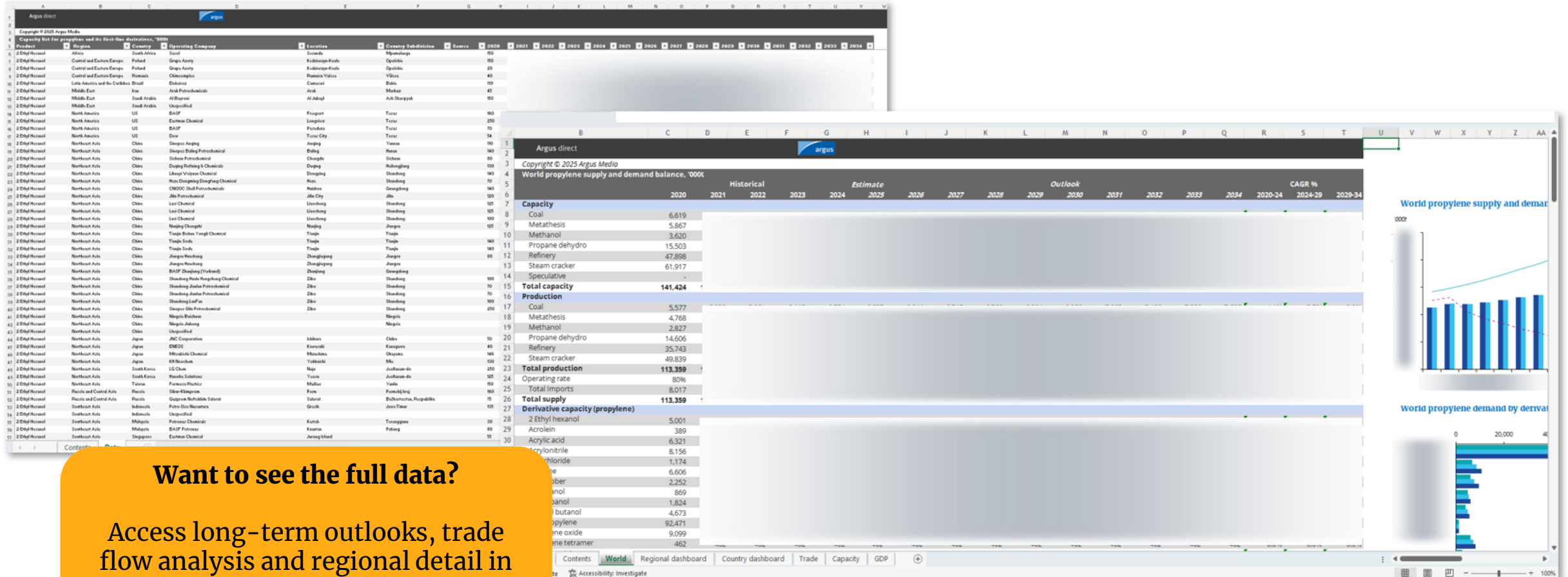
Propylene Feedstocks spreads



Note: 10-year price forecasts in analytics are based on an energy forecast derived at the start of March 2026. Many of these markets are subject to extensive short-term price volatility and the elapsed time since the energy forecast was produced may have seen real changes in market prices. But our assumptions around spreads – raw material to product – and inter-regional comparisons should remain valid.

Associated data sample

Subscription
includes detailed
Excel downloads



Want to see the full data?

Access long-term outlooks, trade
flow analysis and regional detail in
exportable formats.

Contact our team today >>

Central and Eastern Europe: Overview

Propylene production and derivatives forecast to grow of the scope of this forecast

Supply

- Steam cracker operating rates in central and eastern Europe fell to 75% in 2025 from 80% in 2024. The 5% drop was caused by planned and unplanned maintenance in the Czech Republic and Poland. Forward expectations are for the region's operating rate to 80% and 85% by 2026 and 2027, respectively, due to slow demand growth, high energy costs and growing import pressure.
- The region's production capacity is now forecast to increase to 1.5 mn t by 2033, driven by delays and changes to the PKN Orlen scrap and build project as it re-evaluates the overall strategic alignment of its proposed investment.
- Regional operating rates are constrained by the continuing issues at the Polish Grupa Azoty PDH unit, a process to sell the PDH to Orlen has started.
- There is an increase in 0.5 mn t refinery capacity in Belarus linked to a PP project that is due to start-up in 2027

Demand

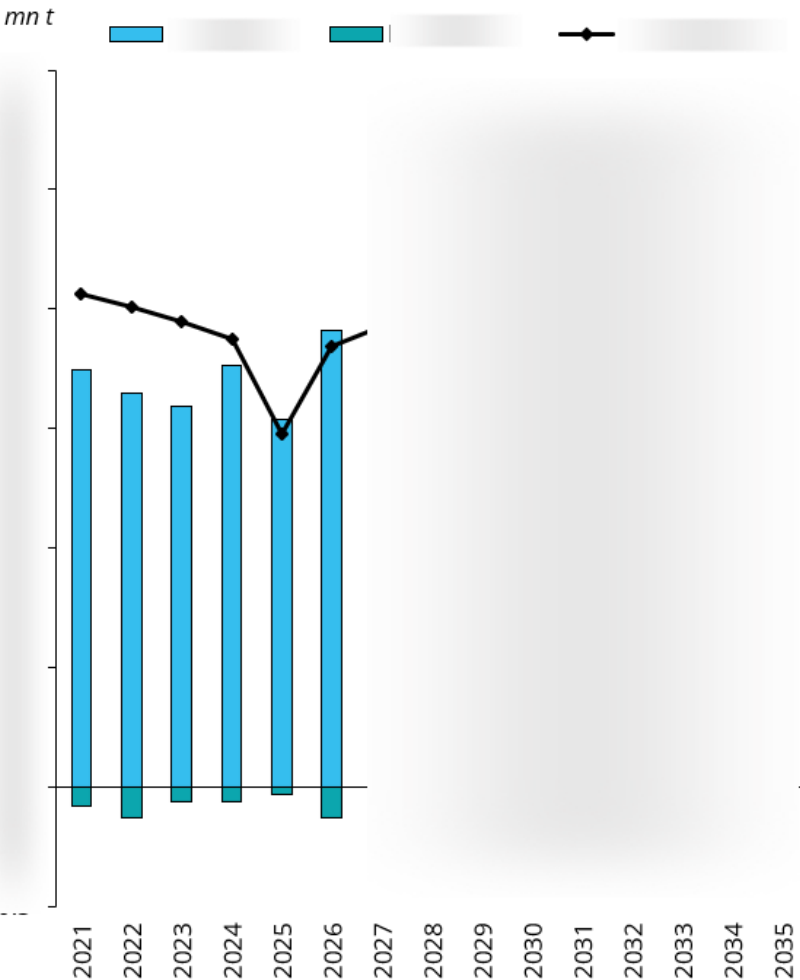
- Regional propylene demand was 1.2 mn t in 2025 down from 1.3 mn t in 2024. Local demand was impacted by planned and unplanned maintenance and exports were also lower as a consequence. Expectations for domestic demand to rise to 1.4 mn t by 2035 are driven by the start-up of PKN Orlen's scrap and build expansion project, improved operations at the Grupa Azoty PDH and improving global operating rates.
- A resolution to the Russian-Ukrainian conflict would boost demand.

US-Iran war impact

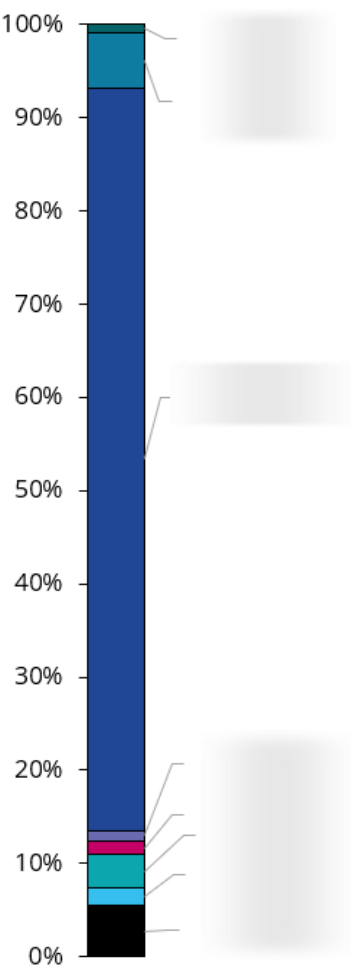


- Eastern Europe is already dealing with the impact of the Russia/Ukraine war, and the ME crisis adds another layer of complexity to their feedstock sourcing strategies.
- The war should support locally sourced production as buyers avoid the price and supply risk of longer supply-chains.
- Higher costs will feed into inflationary pressure which will decrease underlying demand if the conflict persists.

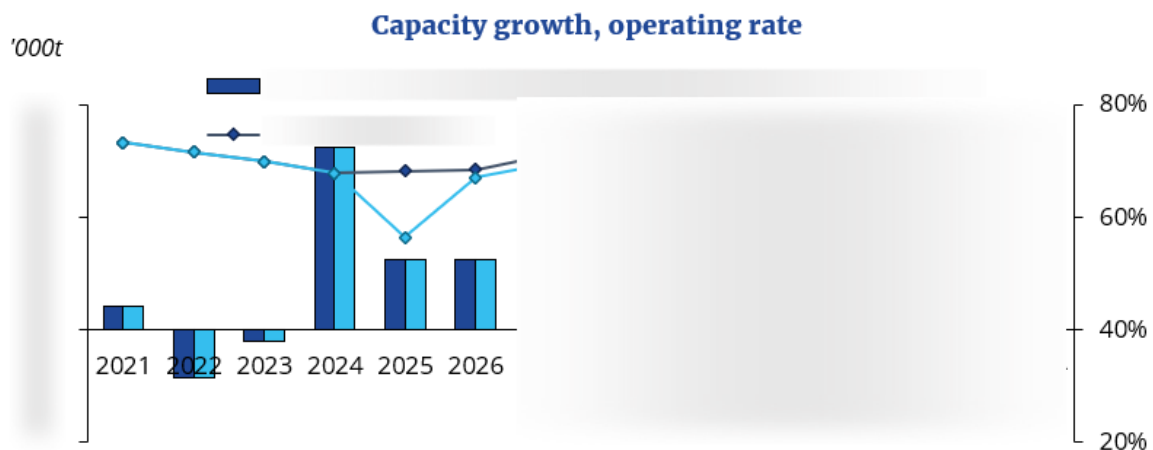
Production and Operating Rate



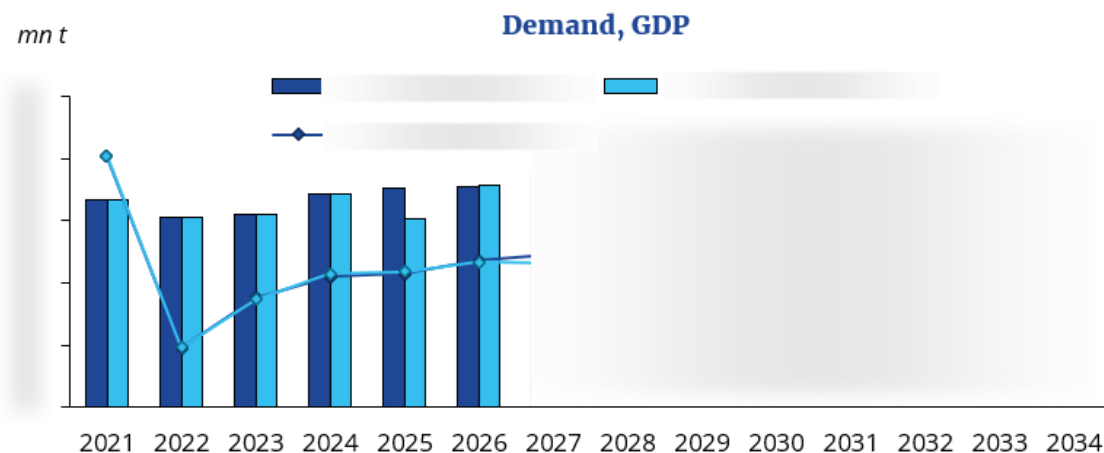
Demand by Derivatives



Central and Eastern Europe: What's changed

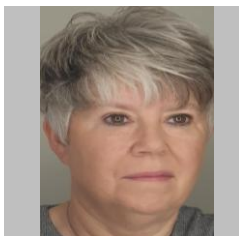


- The Grupa Azoty PDH at Police, Poland is in the process of being sold to PKN Orlen. Operations at the unit have seen minimal production in 2025, partly because of global over supply but largely because of technical and economic hurdles at the unit. We forecast that production will gradually improve but the operational challenges remain.
- Compared to our previous forecast operating rates are [redacted] despite no changes from our [redacted] forecast, with challenging geopolitical and economic conditions.
- Operating rates for the region [redacted] because of the poor operating rates at the PDH in Poland and because of planned maintenance in the wider region.
- We have pushed back the start of the Orlen scrap-and-build cracker project to [redacted]. Orlen are reviewing the scope and timescale of the project given escalating costs and a deteriorated short-term outlook for the global olefin market. It is possible that the project is further delayed or scaled back.
- Mol are due to start their [redacted] metathesis unit in the second half of 2026.



- [redacted] started their [redacted] propylene oxide unit in Hungary in early 2026 –although it has subsequently been off-line for a period, possibly because the metathesis unit has yet to start.
- PKN Orlen/Grupa Azoty PP unit had much lower operations on because of reduced feedstock available from upstream PDH. The two units are co-dependant so an issue at the PP impacts the PDH and visa-versa.
- Demand growth between 2027-2031 is [redacted], with an average [redacted] percentage points per year compared to our previous forecast.
- A settlement of the Russia/Ukraine war would have a marked beneficial impact on the region, but this is not built into the figures.
- The derivatives linked to the Orlen scrap-and-build cracker project have not been fully defined in the project plans we have seen.

Meet the experts



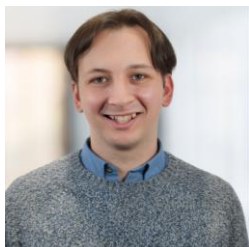
Sarah Rae **Vice-President, Propylene and Derivatives**

Sarah is Argus' propylene consultant, primarily focused on Europe and the Middle East. Before joining Argus, Sarah held senior strategic purchasing management positions at Ineos, Tessenderlo Chemie and Rhodia, responsible for materials such as olefins, fertilizers and commodity raw materials. Before this, Sarah held various management and project roles covering most aspects of the chemicals business, including business management, sales, planning and logistics. She holds a degree in geology from Leicester University.



Craig Barry **Lead Consultant, Ethylene and Derivatives**

Craig leads the global ethylene team, focused on integrated global forecasts. He has more than 30 years of experience in the olefins industry, including with Dow Chemical and ExxonMobil. Throughout his career, Craig has worked across the world with major olefins and derivatives producers. His experience includes olefins feedstocks and refinery integration within the petrochemical industry. He holds a chemical engineering degree from Ohio State University and an MBA from Rice University.



Simon Sheppard **Senior Analyst, Petrochemicals**

Simon is a senior analyst in the London Consulting office focusing on propylene, polypropylene, and C5s and hydrocarbon resins. He holds an MSc in Chemistry from the University of Manchester. Before joining Argus, he worked as a chemical emergency responder for the National Chemical Emergency Centre.



Utkarsh Mishra **Lead Olefins Consultant - Asia**

Utkarsh is the lead consultant for Olefins-Asia based in the Argus Mumbai office. He is a chemical engineer with over 13 years of diverse experience in operations, technology, process design, technical services, and modelling and simulation across the refinery and petrochemicals value chain during his previous roles at Reliance Industries and Honeywell UOP.



Toong Shien Lee **Associate Editor, Olefins, Aromatics and MTBE**

Lee Toong Shien (TS) is an associate petrochemicals editor at Argus based in Singapore. He specialises in various petrochemical products, including toluene, ethylene, propylene and MTBE in Asia and the Middle East. Before joining Argus in 2018, he worked in the financial industry. TS holds a bachelor of science degree in statistics from the National University of Singapore.



Dhanish Kalayarasu **Manager - Chemicals**

Dhanish is a Manager in the London Consulting office, mainly focusing on olefins, polyolefins and chlor alkali. He got his degree in chemical engineering from the University of Newcastle and an MSc in Finance Analytics from King's College London. His experience includes roles working in power generation, project management, agriculture and analytics. He also spent time at an edible oil refinery managing operations and projects with high-pressure biomass boilers, steam turbines, water treatment, and fuel management.

We hope you found this sample of *Argus Propylene Analytics* valuable.

The full service offers twice-yearly updates of long-term supply, demand, capacity and trade flows for global propylene markets, supported by detailed datasets through Argus Direct®.

Click below to get in touch about becoming a subscriber.

[Request a demo or more information](#)

